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**CDBG****Community Development Block Grant Program****MANAGEMENT MEMORANDUM****Memorandum Number 08-02**

**Date:** March 14, 2008

**To:** Eligible Community Development Block Grant (CDBG) Jurisdictions

**SUBJECT:** CDBG 2008 Notice of Funding Availability (NOFA) Application Workshops - Questions and Answers

**Qs and As from 2008 CDBG Application Workshops**

1. In the 2008-2009 NOFA (page 2) it states that this year's application will be limited, among other things, to two types of programs. Does this mean that the jurisdiction can only apply for one program activity, for example, a Meals on Wheels Program or a credit counseling program?

***The jurisdiction is limited to two types of programs, housing programs and public services programs, each with multiple activities. Meals on Wheels and the credit counseling programs are both activities that can be included in the public services type of program, for a total of up to \$500,000. Please see NOFA page 2. Also, page 43 of the NOFA includes a list of activities that could be included under the public service program type.***

2. Can the jurisdiction apply for two projects, each for \$500,000?

***The jurisdiction can only apply for one project up to \$1,000,000, or one project and one program for up to \$1,500, 000, or two programs for up to \$1,000,000 (\$500,000 each). However, jurisdictions have the option to apply for a second project under the 10% set-aside activity. Please see NOFA page 2.***

3. If a non-profit organization, (i.e., a food bank) has outgrown its area, is rehabilitation available or can it be relocated to a new building?

***If a non-profit organization has outgrown the area, it can be rehabilitated or it has the option to relocate to a new building.***

4. When a jurisdiction submits an application for more than one activity, will the point scores be blended?

***Yes, each activity is given a separate point score for each eligible activity submitted in the application. Scores are then blended based upon the percentage of funds requested for each activity.***

## Workshops - Questions and Answers

Page 2

5. What is the standard agreement term under the 2008-2009 NOFA?

***The standard agreement term is 30 months.***

6. If the jurisdiction already has an existing project and has run out of funds, can the jurisdiction apply for more funding?

***Yes, such as in phasing a project. Reference: 25 CCR 7114.***

7. Will the jurisdiction receive bonus points in going green on a public improvements project?

***Energy efficiency under this NOFA typically applies to housing rehabilitation and housing new construction. During this round there will be not be any points awarded for energy efficiency in public improvements.***

8. Are the private leverage point scores blended?

***Private leverage points are given based on the application pool submitted for each activity. Then the total points for each activity are blended based on the percentage of grant funds requested for each activity of the total requested in an application. Reference: 25 CCR 7078.6.***

9. How does the jurisdiction show capacity for first time applicants?

***For detailed information on demonstrating capacity for first time applicants, please refer to NOFA, page 10.***

10. How is capacity building scored?

***Applicants who have applied in the 2006 round, but did not receive any funding, will receive 25 points. Applicants that have applied at least two times in the last four years, between 2004 and 2007 and were not funded, will be awarded up to 35 points. Reference: CCR, Title 25, Section 7078.7.***

11. Sometimes a jurisdiction has trouble filling out the application, is there any assistance that is provided by CDBG?

***The general program representatives can provide technical assistance with questions on the application, but cannot fill out the application for the jurisdiction.***

12. In showing the background under the readiness, is an applicant required to submit full resumes?

***Yes, full resumes for program staff are required to be submitted with the application. For specific required documentation, please refer to the readiness charts for each activity in the application.***

13. How does the jurisdiction show the project's readiness?

***The jurisdiction earns readiness points for each activity by submitting documentation showing the project or program is ready to implement. Each activity has a readiness chart indicating what documentation is requested. Some examples are the following, but are not limited to: evidence of site control; completed NEPA documents; evidence of committed financing. Please refer to the section in the application pertaining to readiness on page pertaining to each type of activity.***

14. What is the difference between take-out and permanent financing?

***A take out loan is approved before construction is complete on a project, and is contingent upon special conditions – such as a certain number of sales or leases. Permanent financing is used to pay off a construction loan once the project is complete.***

15. Is a 2003 or prior year housing element acceptable to submit with a current application?

***Only if the housing element is adopted pursuant to Government Code Sections 65585 and 65588. Please see the HCD joint memo on housing element compliance and CDBG requirements for more information. Reference: 25 CCR 7056(b).***

16. If the jurisdiction commits to energy efficiency, is it required to submit with the application a letter stating commitment and revised program guidelines?

***Yes, a commitment letter must be submitted in the application along with the revised program guidelines. In addition, applicants that commit to fulfilling the Energy Efficiency State Objective will be required to maintain evidence that all required energy criteria were met. Such evidence may include purchase order information from contractors, maintaining detailed work write-ups, pictures, inspections, etc.***

17. Can a jurisdiction's first-time homebuyer program make loans to individual mobilehome owners?

***Yes, as long as this is stipulated in the jurisdiction's Program Guidelines. See Grant Management Manual, (GMM), Ch. 17, page 2.***

18. How can a jurisdiction determine the service area when establishing or doing rehabilitation of a park?

**The jurisdiction would need to take several factors into account. For example, in a small city that does not currently have another park, it probably could not justify the service area being a target area. On the other hand, where other parks in the jurisdiction do exist and natural boundaries can be established (such as freeways, railroad tracks, canals, etc.) between those parks, it may be acceptable to establish target areas.**

19. Will real property acquisition be scored separately from housing rehabilitation?

***Yes, real property acquisition is a separate activity that will be scored based on the final use of the property, such as, public facilities, public services, public improvements, and others. Reference: 24 CFR 570.201(a).***

20. Is equipment for fire stations eligible?

***Yes, fire stations are eligible for CDBG funding under public service. Reference: 24 CFR 570.201(e).***

21. Is an exhaust system for a fire station eligible for CDBG funding?

***Yes, an exhaust system for a fire station is eligible for CDBG funding under public facility. Reference: 24 CFR 570.201(c).***

22. Will CDBG partially fund an application?

***CDBG may offer partial funds to an application that is below the funding line if there is some remaining funding available. Depending on the grant funds available, an application below funding line may be funded with the amount left in the allocation.***

23. Can a jurisdiction apply program income (PI) to a set-aside activity?

***Yes, PI can be committed to any activity in an application or open grant, including the set-aside activity, by a Resolution.***

24. What is the maximum amount of PI that can be committed to an activity?

***There is no cap on the amount of PI that can be committed to an activity, however, since no grant funds can be accessed until all committed PI for an activity is expended, jurisdictions must plan judiciously. PI retained by the jurisdiction must be substantially expended by the end of the program year. Please note that for Holdout purposes, a jurisdiction cannot have more than \$250,000.00 in PI at the end of each quarter. See GMM, Ch. 14-3.***

25. If PI is committed to an open grant activity, can the jurisdiction draw down grant funds prior to spending PI?

***When PI is committed to an open grant activity, it must be expended prior to accessing grant funds for the same activity. See GMM, Ch. 14-3.***

26. What documentation is required to be submitted with the application to receive the energy efficiency points?

***For documentation required to support the energy efficiency efforts, please see the application (i.e., page 48). Commitment letters, agreements with subcontractors, letters of intent to purchase energy efficient appliances, etc are all acceptable.***

27. The NOFA, page 30 states that "If CDBG will be expended on the purchase of real property or construction work on a site, the applicant must make a choice limiting action...". Is that accurate?

***As clarified in our application workshops, there was an inadvertent typing error in our NOFA. The applicant must not make a choice limiting action.***

28. Under housing rehabilitation, does every unit need to be brought up to standards to receive the points?

***Yes, all units being rehabilitated must address standard health and safety issues and must be brought up to HUD Section 8 Housing Quality Standards (HQS).***

29. As a sub-recipient, how can I demonstrate readiness before there is an executed agreement?

***To receive readiness points submit a document that is as close to a complete agreement as possible. Dollar amounts and grant numbers do not need to be included. However, please note that applicant pool sets the standards for points.***

30. Where are the milestones outlined in the application?

**Milestones are not outlined in the application. Milestones will be determined for those applications that are funded when standard agreements are drafted.**

31. What does the jurisdiction need in leverage to get full points for a housing rehabilitation program?

***The applicant pool sets the standard, therefore there is no set amount that could be determined to give an applicant the maximum points. Jurisdictions can include as much leverage as needed, however, they should plan judiciously, since leverage must be expended during the grant term, which is 30 months.***

32. If the jurisdiction is not planning to relocate any residents how do we get the G.I.N.'s out?

***For relocation information, please see Relocation and Acquisition Procedures in the GMM, Chapter 6, Section II, #4.***

33. Would removal of material or architectural barriers to the mobility of elderly or severely disabled adults (ADA access) be part of public facilities?

***ADA access would be part of public facilities. Reference: 24 CFR 570.201(c),***

34. Can removal of architectural barriers on multiple county owned buildings be considered one project?

***Removal of architectural barriers may be considered one project with scattered sites, if all the buildings are owned by the county.***

35. How are poverty index points distributed?

***The Department will compute individual scores by dividing each applicant's percentage of poverty persons by the highest percentage persons by the highest percentage of poverty persons of any applicant and by multiplying by 100. Reference: 25 CCR 7078.1***

36. Do jurisdictions get points for the housing rehabilitation infrastructure under public improvements?

***No, if the public improvement is under housing rehabilitation then no public improvements bonus points are given. Points are only given for public improvements in support of housing new construction.***

37. Under Housing New Construction activity, what does housing as last resort mean?

**Under the current NOFA, housing new construction is eligible for CDBG funds, only in very limited circumstances, such as for providing “housing as last resort”. Housing as last resort is housing that the jurisdiction has determined must be constructed in order to provide suitable replacement housing for persons to be displaced by a contemplated CDBG project, and where the project is prevented from proceeding because the required replacement housing is not available otherwise. 49 CFR 24.404(c)(1) authorizes the construction of new housing as last resort for providing replacement housing for persons displaced as a result of CDBG-assisted activities.**

38. If a jurisdiction applies for a project and a program for a combined \$1.5 million, can the jurisdiction use all \$150,000 for a set-aside activity?

***Yes, if a jurisdiction applies for a project and a program up to \$1.5 million, the jurisdiction can include a 10% set-aside activity of \$150,000.***

39. When ranking applications, what does “all or nothing” mean? Does each activity get ranked separately?

***“All or nothing” means that an application will be integrally funded, or not funded at all. Exception from this rule is when an application includes a non-eligible activity, in which case only the eligible portion of the application will be funded. Each activity is scored rated based on similar activities submitted by the pool of applicants. Once rated, activity scores will be blended using a weighted average of the activity’s percentage of funds in the total funds requested in an application.***

40. Under housing rehabilitation, when is a detached units eligible for rehabilitation?

***A detached unit can be rehabilitated with CDBG funds only if is permitted and zoned. Attached units, such as duplexes, triplexes, are eligible for rehabilitation. Reference: 25 CFR 570.202.***

41. When should leverage for rehabilitation be committed?

***Leverage for CDBG eligible activities must be committed prior to application submittal. A letter of commitment should be included in the application.***

42. If an environmental study is completed before the application, does that count for readiness or local leverage?

***A completed environmental study included in the application will be counted as readiness. Please see readiness charts in application under each activity for more information regarding readiness.***

43. Are upgrades to stainless steel appliances eligible for CDBG funds under housing rehabilitation?

***No, upgrades to stainless steel appliances are not eligible for CDBG funds.***

44. For reconstruction of small properties, in what cases are the jurisdictions allowed to exceed the initial building envelope with more than 100 SF and what documentation is required?

***In order to be eligible for CDBG funding when exceeding the 100sf limit, a letter from the jurisdiction's planning department describing the development standards, or copy of the pertinent section of the jurisdiction's zoning code is required. However, jurisdictions should be aware that exceeding the 100sf limit to such extent that would constitute an enhancement of the property and would result in increased equity, it is not eligible for CDBG funding.***

45. Are there labor standards when CDBG funds are used for property acquisition or infrastructure?

***There are no labor standards for property acquisition; however, labor standards will apply to the construction of final use of the property. There are labor standards for infrastructure. See GMM, Chapter 5.***

46. Can the jurisdiction submit two separate applications for the same property if the total amount is over \$1 million, i.e., one to acquire the site for \$1 million and another to develop a property also for \$1 million?

***No, a jurisdiction cannot submit two separate applications.***

47. Is expanding an existing cooler (permanent equipment) in a building serving lower income households a public service or public facility?

***Expanding an existing cooler would be considered a public facility.***

48. Is rehabilitation on multiple mobilehome parks considered one project?

***No. Rehabilitation of multiple mobilehome parks is not considered one project, as would require multiple environmental reviews. See GMM, Chapter 3.***



49. Are ADA improvements eligible if the area is not (target income group) TIG? How about ADA improvements in public parks?

***Removal of architectural barriers may qualify under limited clientele category, provided it is restricted, to the extent practicable, to the removal of such barriers assisting: the reconstruction of a public facility or improvement, or portion thereof, that does not qualify under the Low- Mod-Income Area benefit; the rehabilitation of a privately-owned non-residential building or improvement that does not qualify under the Low- Mod-Income Area Benefit; or the rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under the Low- Mod-Income Housing criteria. Reference: 24 CFR 570.483(b)(2)(iii).***

50. When are fire stations eligible for CDBG funds?

***Fire stations are eligible when they serve a TIG.***

51. Can private leverage documentation be over six months old?

***No, private leverage support documentation over six months old will not be counted.***

52. Can meals on wheels for elderly be funded under limited clientele?

***Meals on wheels for elderly qualify under the limited clientele. Reference: 24 CFR 570.483.***

53. Can pending funding commitments be included in the application?

***No, if pending funding commitments are included in the application, they will not be counted.***

54. How do you define target areas?

***Target areas are defined as U. S. Census Tract(s), or Census Block Group(s).***

***If the proposed activity is within a target area, select the smallest unit of Census data that encompasses the proposed target area. If the target area is completely within a Census Block Group, identify that Block Group. If the target area crosses boundary lines for more than one Census Block Group, identify all applicable Census Block Groups. See Application, page 8.***

55. A group home has ten permanent and two transitional housing units. Is transitional housing units an eligible CDBG expense and will the cost be pro-rated?

***Construction costs for transitional housing units are an eligible CDBG expense. The costs associated with the transitional units will be prorated based on square footage in relationship to the permanent housing units. Permanent housing is not eligible for CDBG funds.***

56. If there is no site control will points be lost on the application?

***The jurisdiction will not receive readiness points under the site control category.***

57. For public works in support of new housing, how long does the jurisdiction have until all units are occupied and a TIG benefit can be shown?

***The grant term is 30 months. All funds must be expended by the expiration date of the grant. However, solely for TIG benefit purpose, an additional 30 month extension may be granted for construction projects.***

58. Can CDBG funds be used to pay for building permits and fees?

***Yes, building permits and fees are an allowable expense for the CDBG program, if part of an eligible CDBG activity.***

59. Can we request copies of the scoring charts after the awards are announced?

***While the scoring charts will not be disseminated, each jurisdiction that was not funded can request an exit interview with their CDBG representative and management. In this meeting the application can be discussed.***

60. Should relocation costs be included in the application?

***Yes, in the case of housing rehabilitation and if relocation costs are deemed necessary.***

61. Will only annual allocations of funds will be available?

***Per recent changes in legislation (AB 1461), availability of funds will be determined per each NOFA.***

62. Will jurisdictions get an updated holdout list?

***While an update list of jurisdictions on holdout will not be widely disseminated, each CDBG representative will contact their jurisdictions to work out any holdout issues directly with the jurisdiction.***

## Workshops - Questions and Answers

Page 11

63. What are the housing elements due dates?

***For the Housing Element due dates, please visit the Housing Policy Development webpage at:***

***[http://www.hcd.ca.gov/hpd/hrc/plan/he/he\\_time.htm](http://www.hcd.ca.gov/hpd/hrc/plan/he/he_time.htm)***

64. Will prioritizing farm workers in an application garner points versus restricting points for farm workers?

***Farm worker housing will receive bonus points under the State Objectives category.***

65. Are there set-aside allocations for projects or programs in the \$30 million allocated under this NOFA?

***A jurisdiction can apply for only one set-aside activity for up to 10% of the grant amount, provided that it is an eligible activity. See Application, page 183.***

66. A non-profit food bank wants to buy replacement equipment for \$40,000. Does the jurisdiction need to do a sub-recipient agreement with them or can we contract with them when we get the funds?

***The jurisdiction has the option of entering in a sub-recipient agreement or entering into a contractual agreement.***

67. Can a sub-recipient agreement be amended to include an additional activity such as an income survey?

***Sub-recipient agreements are not limited to a certain grant and do not have a time limit. They can be amended to include additional activities pertaining to various grants. See GMM, Chapter 2.***

68. Can the 10% set-aside be used if the TIG is less than the 51% when used for making ADA improvements to public parks or public facilities?

***Yes, the 10% set-aside can be used for ADA improvements if the TIG is less than 51%.***

69. Can a homeowner refinance an existing loan as part of a CDBG rehab loan?

***Yes, only if such financing is determined by the recipient to be necessary or appropriate to achieve the locality's community development objectives. Reference: 24 CFR 570.202(b)(3).***

70. Can State funds be counted as leverage?

***Federal or State funds cannot be counted as leverage. Similarly, since PI is federal funds, it cannot be counted as leverage. Only local or private funds can be counted as leverage. Reference: 25 CCR 7078.6(a)***